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Patterson in Cairo has been informed by Prime Minister Hadi Pasha that Egypt considers the Rhodes conversations with Israel to be designed primarily to implement the Security Council resolutions of 4 and 16 November 1948 rather than to obtain a general political settlement. According to Patterson, Hadi gave no indication that the RAF incident would have any direct bearing on the Rhodes talks and allowed it to be understood that if discussions on the military level proved productive, Egypt might then consider continuing the talks on a wider basis.

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2. Icelandic views on Atlantic Pact membership--US Minister Butrick in Reykjavik has been informed by the Icelandic Foreign Minister that he felt it advantageous to Iceland to be an original member of a Forth Atlantic Fact, but that a decision cannot be reached until more concrete information is available concerning the increased security Iceland will obtain from the tact as well as the obtainions Iceland will have to assume. The Foreign Minister added that Norvegian and Danish participation would be necessary in order to make the pact politically palatable in Iceland.

(CIA Comment: CIA considers it improbable that Iceland will announce it decision concerning the pact prior to action by Norway or Denmark.)

3. US declines Chinese mediation request—in reply to the 8 January Chinese request to the Four Powers for mediation of the civil war, the Department of State has instructed US Embassy Nanking to inform the Chinese Foreign Minister that the US believes it would serve no useful purpose by "attempting to act as an intermediary in the present situation."

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informed the Ambassador that the US view continued to be that Israel was entitled to the boundaries assigned it by the UN partition resolution of 29 November 1947, although the Israelis might have to relinquish part of the Negeli to they wished to retain territory conquered in the north. According to the UN partition plan, the Negeb-Transjordur read crosses both Arab and Israeli territory.) The Acity Secretary expressed the view that "real security" lies 10t in any particular read in the Negeb, but in encouraging the development of a western outlook in Israel.

prepared to back the various Security Council cease-fire resolutions. The Acting Secretary declared that although these resolutions are certainly valid in their application to a momentary military situation, they do not delineate a final political settlement, as Bevin apparently considers. He concluded that if the UK attempted to arm the Arabs, such action would be in violation of the SC resolutions and would make it necessary for the US to consider lifting its arms embargo.

3. Chinese Nationalists may seek mediation by Security Council The Chinese Ambassador in Washington has told Acting Secretary Lovett that if the US, the UK, the USSR. and France are unwilling to grant the Chinese 8 January reques for mediation, the Government will consider the question of presenting the matter to the UN Security Council. The Acting Secretary has informed US Ambassador Stuart in Nanking that the Chinese Ambassador apparently regarded the 8 January request as an attempt to put the US on the side of the National Government against the USSR and the Chinese Communists.

Unofficial Soviet reaction to mediation proposal—
US Embassy Nanking has learned that the Soviet Ambassed or there has unofficially expressed the view that the USSR is not interested in the Chinest proposal for mediation of the civil war.

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